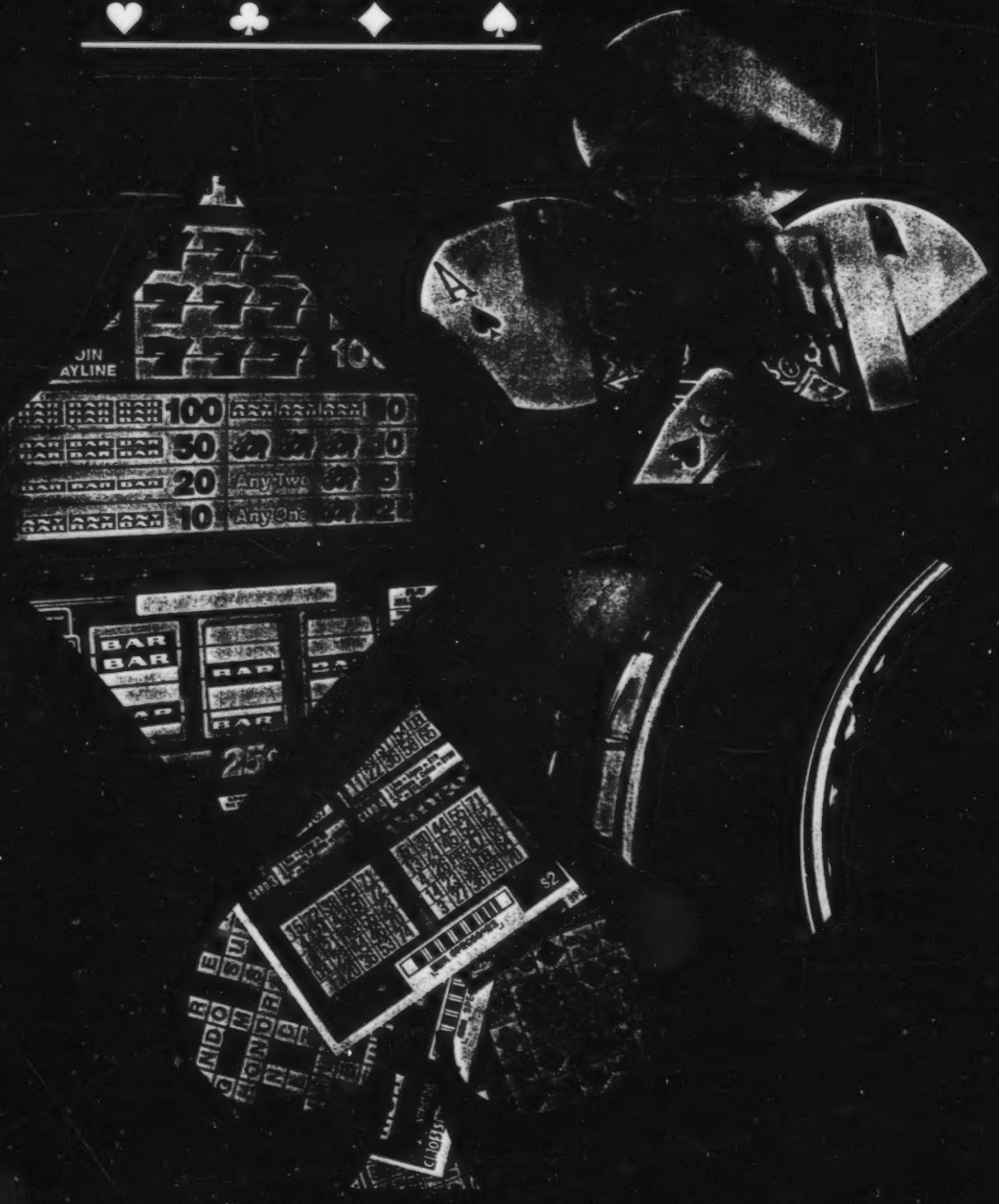
NOVA SCOTIA GAMING CORPORATION



ANNUAL REPORT

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Corporate Profile

The Nova Scotia Gaming Corporation is a Crown corporation governed by the provincial *Gaming Control Act*. It is responsible for the conduct and management of the Province's gaming business to maximize net revenue in a responsible manner. Operations include ticket lottery, video lottery and casinos.

A three to five person Board of Directors provides strategic direction to the Gaming Corporation. The current Board members are Chair Sean O'Connor and Directors William Hogg and Ramsay Duff.

The Gaming Corporation reports annually on the administration, operation and management of its businesses to the Minister of Finance who is responsible for Part I of the *Gaming Control Act*.

The day-to-day operations of the Gaming Corporation's businesses are carried out by its agents. The Atlantic Lottery Corporation operates the ticket and video lottery businesses and the Metropolitan Entertainment Group operates Casino Nova Scotia in Halifax and Sydney.

The Metropolitan Entertainment Group is a partnership of Park Place Entertainment Scotia Limited and East Port Properties Limited.

The Atlantic Lottery Corporation's Board of Directors is comprised of representatives from the provinces of New Brunswick, Prince Edward Island, Newfoundland and Nova Scotia. Nova Scotia's share in the Atlantic Lottery Corporation is held by the Gaming Corporation. Each shareholder holds one common share.

In delegating the day-to-day operations of the lines of business to these operators the Gaming Corporation works to ensure that both the Atlantic Lottery Corporation and the Metropolitan Entertainment Group:

- ♣ operate in an effective and efficient manner to maximize revenues for the province,
- ♦ comply with the *Criminal Code* of Canada, the *Gaming Control Act* and all provincial regulations,
- ♥ respond to policy and strategic direction provided by the Gaming Corporation, and
- ♠ understand and respond to the issue of problem gambling in Nova Scotia.

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Message from the President and CEO

Gaming in Canada is experiencing tremendous growth. It was just 30 years ago when the first lotteries were introduced in Canada. Today over 70% of Canadians have participated in some form of gaming, nearly half have bought a lottery ticket and most who game do so for the pure excitement of winning.

Gaming in Nova Scotia is no different. It has undergone many changes and rapid growth in the last ten years. This evolution didn't cease in fiscal 1999–2000. On the contrary, the fifth year of business for the Nova Scotia Gaming Corporation was one of great progress – progress in our management of the gaming business, progress in our maximization of net revenues and progress in our commitment to responsible gaming.

Amidst the progress, the year was marked by milestone events that have solidified our position in the gaming industry and enhanced the way we do business.

We entered the year in a state of transition. On March 29, 1999, the government announced Nova Scotia would withdraw from the Atlantic Lottery Corporation (ALC) due in principal to an inequitable profit distribution formula. A significant amount of resources and time was spent on this initiative until the process was deferred in August so the newly-elected government could conduct a cost-benefit analysis.

With the planned withdrawal on hold, business continued at the Gaming Corporation. Quarterly revenues increased, work progressed on the building of the Halifax permanent casino and an innovative education and awareness program about problem gambling for video lottery retailers and their staff was launched.

The fifth year of business for the Nova Scotia Gaming Corporation was one of great progress — progress in our management of the gaming business, progress in our maximization of net revenues and progress in our commitment to responsible gaming.

The future of our relationship with ALC reached a turning point on January 21, 2000, when the shareholder provinces arrived at an agreement in principle. Extensive negotiations will result in an amended Unanimous Shareholders Agreement containing an equitable profit distribution formula. Also, a new detailed agency agreement is in the works. The result – we'll receive an additional $4.2 million in profits for the year, increased profits in future years and our working relationship with ALC will be clarified. These agreements are awaiting final approval by all parties.

During the year, we also remained focussed on our commitment to social concerns and promoting responsible play. In fact, the Gaming Corporation was recognized among international gaming jurisdictions as a leader in proactive, responsible gaming activities for our responsible gaming program.

An era of stewardship came to an end for the Gaming Corporation in February as Dara Gordon, an original board member and vice-chair since 1995, returned full time to her law practice. Ms. Gordon made significant contributions during her five-year involvement with the Gaming Corporation. Her efforts included advancing our responsible

gaming program, negotiating the agreement in principle with ALC's shareholders and paving the way for the beautiful waterfront casino we have today. We thank Dara for her tireless efforts, wisdom and perseverance.

Since joining the Gaming Corporation in February, I've learned a great deal about the changing, growing gaming industry and its importance to the province. I've also learned there are many misconceptions surrounding gaming and its stakeholders.

Armed with this information about the industry, we're faced with a challenge – to provide accurate, meaningful information about the gaming industry to Nova Scotians. We'll do this by visiting communities around the province and discussing the gaming regime and its impacts. And, as always, we'll maintain an open approach to communications.

As you'll see on the following pages of this report, our fifth year was without a doubt both challenging and exciting. We clarified our position for the future and accomplished many of our goals. We set forth a business plan focussed on efficient management, revenue growth and responsibility.

As we enter year six we are prepared for the challenges presented by the evolving gaming industry. Equipped with stronger business relationships and the solid foundation formed in year five – we are set to rise to the challenge.

Marie Mullally
President and Chief Executive Officer

June 15, 2000

***Marie Mullally** President and CEO delivers a presentation about the Nova Scotia gaming industry to members of the Truro and District Chamber of Commerce.*

Year in Review

The gaming industry is experiencing widespread change. Competition is increasing and technology is transforming the way the Gaming Corporation conducts business. This changing environment creates challenges and opportunities. Here's what was achieved in 1999-2000 to maximize the opportunities and meet the challenges.

CORPORATE

Over the last year many accomplishments were realized in the areas of corporate goals and programs.

Events in January top the list of accomplishments for the year. During the month an agreement in principle was successfully negotiated with the other shareholders of the Atlantic Lottery Corporation (ALC). The arrangement included plans to develop an agency agreement between ALC and the Gaming Corporation, to amend the Unanimous Shareholders Agreement and to establish a revised profit distribution formula. The result of the revised profit formula is an increase in profits of $4.2 million in 1999-2000 and it is anticipated that a comparable level of increased profits will accrue to the Gaming Corporation in future years. The agreement also set in motion an independent efficiency assessment of ALC's operations.

Another corporate goal was achieved in December when the Nova Scotia Gaming Foundation became the responsibility of the Minister of Health. The Foundation funds projects on the research, education, and treatment of problem gambling and, prior to December, had been administered by the Gaming Corporation. The government's decision to transfer the administration of the Foundation to the Minister of Health was supported by the Gaming Corporation as it had always relied heavily on the Department of Health's expertise in evaluating proposals for funding.

As the year 2000 dawned, the Y2K bug was nowhere to be seen and it was business as usual for the Gaming Corporation and both of its operators. Players continued to purchase tickets, play VLTs and enjoy the casinos.

Internal operations were also conducted without interruption. The dedication of resources in preparing for Y2K resulted in a well-organized, controlled transition into the new millennium.

The helm of the Gaming Corporation changed hands in February when the Board of Directors appointed Marie Mullally as the new President and CEO for a one-year term. Dara Gordon, who had been carrying out the CEO's duties since October

1997, stepped down from both her Vice-Chair and CEO roles at the end of her term on February 15 to return full time to private practice. Ms. Gordon made many important contributions to the Gaming Corporation and the province's gaming industry during her tenure.

The future of ALC's involvement in the harness racing industry was considered this year and an independent review was conducted. In March, the government decided to provide financial support to the industry for another year. The Gaming Corporation will continue to make payments to the Nova Scotia Harness Racing Fund. The money will then be paid by Nova Scotia Harness Racing Incorporated to the Department of Agriculture and Marketing which will manage and distribute the funds.

As well, during the year the Gaming Corporation reported a number of incidents to the Minister of Finance and the Nova Scotia Alcohol and Gaming Authority. Under section 24(1)(a) of the *Gaming Control Act*, the Gaming Corporation is required to report any defect, abuse, illegality or criminal activity regarding gaming. The majority of incidents reported were routine in nature such as equipment malfunctions, which are centrally monitored and immediately followed-up by the Gaming Corporation's operators. A couple of product irregularity incidents were reported during the year, which were investigated, corrected, and if necessary, preventative measures were implemented.

Financial Highlights *($ millions)*

Actuals		99/00	98/99	97/98	96/97	95/96
Ticket lottery profit	$	53.0*	38.7	38.9	41.1	41.2
Video lottery profit		98.2*	88.4	80.4	68.8	63.4
Atlantic Lottery Corporation overhead		(6.2)	–	–	–	–
Lotteries profit		145.0	127.1	119.3	109.9	104.6
Casino net operating income *(does not include income guarantee)*		14.4	11.4	4.6	2.3	0.5
Win tax paid to province	$	16.3	15.2	14.8	14.2	9.7

** Ticket lottery and video lottery profits are not comparable to prior years due to the change in the profit distribution formula.*

CASINO

Casino gaming experienced landmark developments during the year culminating with the official opening of the permanent Halifax casino in April 2000. Financially, the year saw both the Halifax and Sydney casinos recording their best financial performance and notable attendance numbers during the tourist season. Revenues were up $5.2 million, or 6.6% from last year.

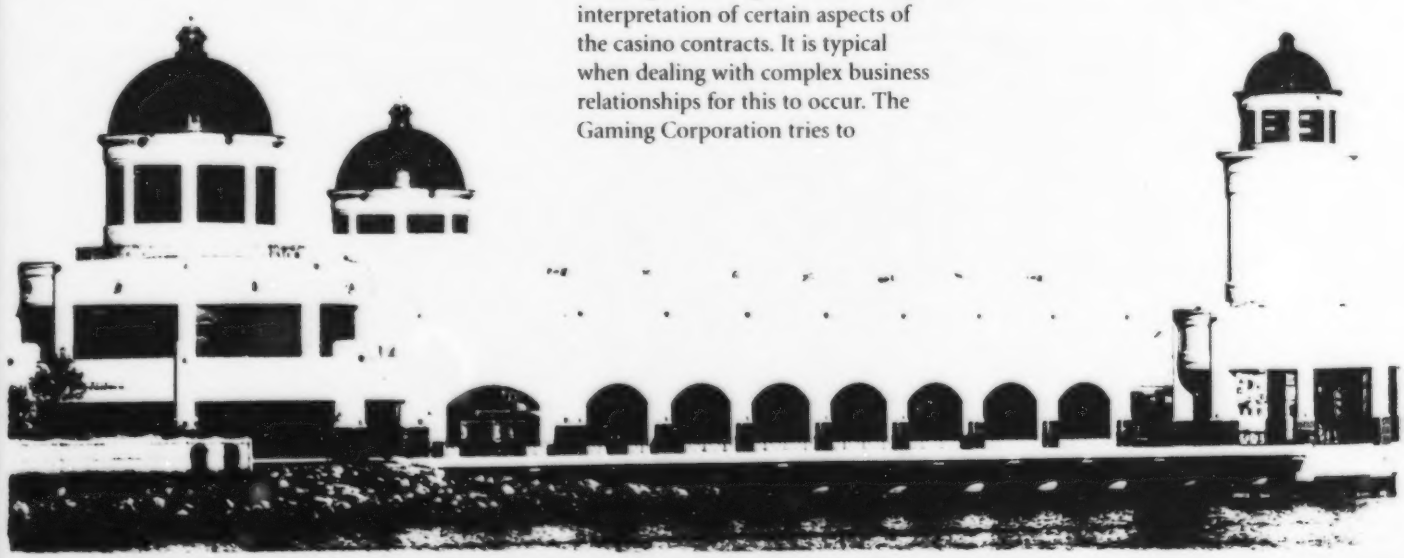
In April, Park Place Entertainment (PPE) announced it was acquiring all casino operations from Starwood Hotels and Resorts. The casino operator, Metropolitan Entertainment Group (MEG), is now a partnership between Park Place Entertainment Scotia Limited and East Port Properties Limited (formerly Purdy's Wharf Development Limited). PPE is the world's largest gaming company and is the only organization with a leading presence in the three largest gaming markets in the United States – Nevada, New Jersey and Mississippi.

In October, certain amendments to the Casino Regulations passed in the previous year were implemented allowing the Gaming Corporation to meet the needs of players by providing additional services they'd expect from any first-class entertainment facility. For example, alcohol is now available 24 hours a day, and complimentary alcohol is served in the high-limit room. As well, the two casinos may grant credit to out-of-province players.

The year also presented some challenges with regards to differing interpretation of certain aspects of the casino contracts. It is typical when dealing with complex business relationships for this to occur. The Gaming Corporation tries to resolve issues first within the parameters of its business relationship but if unable to reach an agreement then the dispute resolution process, set out in the contracts, is utilized.

There were two instances during the year in which the Gaming Corporation used the arbitration process to resolve differing opinions. The first was over the Harmonized Sales Tax (HST). It was the Gaming Corporation's opinion that the Operating Contract clearly stated that HST was to be treated as an operating expense. MEG disagreed and believed HST should be paid entirely by the Gaming Corporation. The arbitrator ruled in the Gaming Corporation's favour and required the casino operator to pay $21.6 million in HST including interest to the Corporation.

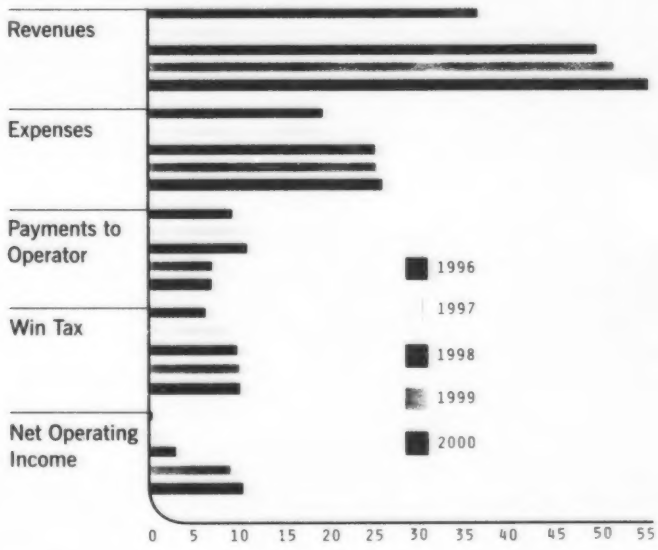
The second arbitration dealt with the $10,000 a day late completion fee and was concluded in MEG's favour. The Gaming Corporation argued the $10,000 a day was a genuine pre-estimate of damages. However, the arbitrator ruled that it was



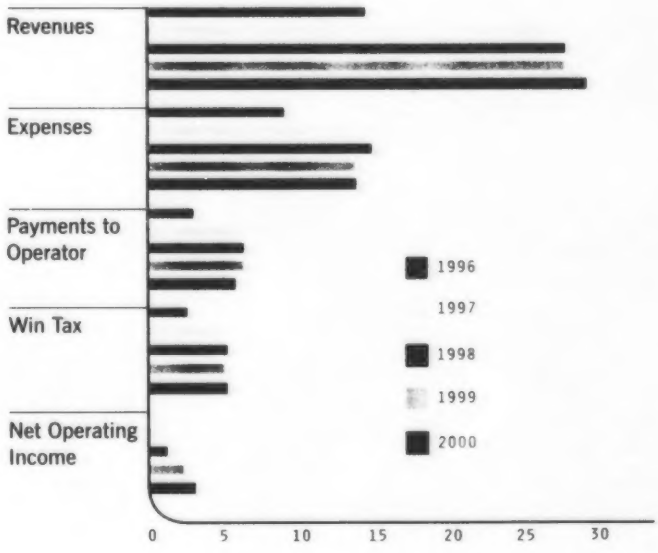
considered a penalty and not enforceable by law. Therefore, the Gaming Corporation was not successful in obtaining the $1.97 million in anticipated damages for the year. An appeal of the arbitrator's decision was given careful legal consideration. It was determined that the arbitrator did not misconduct himself and therefore an appeal would not be pursued. However, the Gaming Corporation still feels its case was strong and it was right to hold MEG to the contract.

Just as the fiscal year was winding down, the Gaming Corporation was gearing up for the official opening of the permanent Halifax Casino Nova Scotia. On April 24, 2000, the casino reported record-breaking attendance figures and best-ever slot and table wagers as people gathered for a ribbon-cutting ceremony and festivities. Over 16,000 people visited the casino that day. The 135,000 square foot world-class facility boasts a gaming floor almost double the size of the interim facility, 10,000 square feet of meeting and special event space, a 170-seat entertainment lounge and a 100-seat outdoor amphitheatre. The centre-piece of the casino floor is a rotating ceiling which simulates the movement of the sun from daylight to nightfall. New games to the area include Craps and Sic Bo with dice, the first game of this variation in Canada. Another first, the only T.G.I. Friday's restaurant east of Niagara Falls can be found at the facility.

Halifax Casino Nova Scotia Operating Results *($ millions)*



Sydney Casino Nova Scotia Operating Results *($ millions)*



Halifax Casino Nova Scotia
The newest entertainment venue on Halifax's waterfront opened on April 24, 2000, to over 16,000 people who gathered for a ribbon-cutting ceremony and festivities.

TICKET LOTTERY

Through the Atlantic Lottery Corporation (ALC) and the Interprovincial Lottery Corporation (ILC), the Gaming Corporation offers a variety of ticket lottery products like 6/49, Super 7, Atlantic Choice and Breakopen tickets to Nova Scotians. Today the ticket lottery program is the most mature of the gaming businesses. Add to this the increased competition from other forms of gaming and the challenge is to continue to develop appealing and profitable new products. The impact of these challenges was clearly evident in the year's financial results as ticket lottery sales were below budget by $2 million.

During fiscal 1998-1999, the Gaming Corporation became aware of a problem with Breakopen tickets. Breakopen tickets are games in which a pull-tab is opened to reveal whether or not a prize has been won. In this instance, a printing deficiency made it possible for players to identify winning tickets. Subsequently, the production of the tickets was suspended which continued into the first two months of this year.

To ensure the integrity of Breakopen tickets, a series of independent reviews was requested to examine the manufacturing process. An independent consultant was hired by ALC to complete an audit of the control procedures related to Breakopen tickets. As a result, a number of recommendations were brought

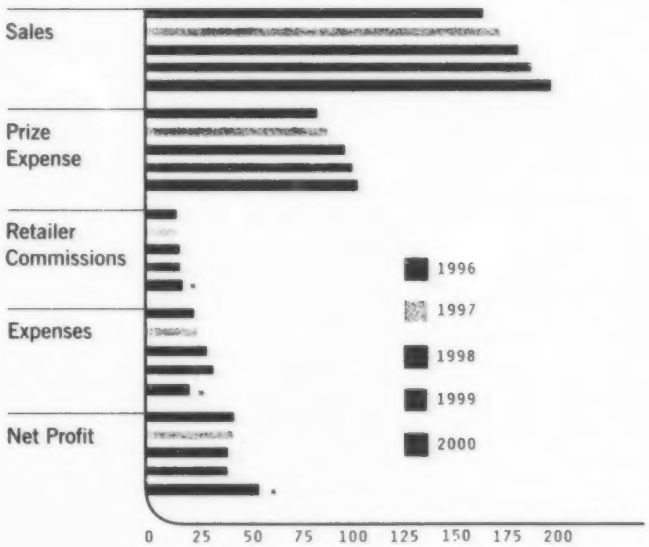
forward and implemented by ALC. The tickets were reintroduced to the marketplace in late May 1999. The absence of these tickets from the marketplace did result in a decline in sales for the year.

Progress was made during the year in the introduction of a special event ticket product. ALC is producing a Tall Ships ticket that will coincide with the international Tall Ships Race and event coming to Halifax in July 2000. The idea behind special event tickets is to promote international events and provide players with new products. The Gaming Corporation has entered into an arrangement with Tall Ships Nova Scotia to use the event to promote the tickets. Tall Ships Nova Scotia will share in the profits if a minimum sales threshold is achieved.

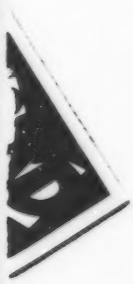
Another key ticket lottery initiative got underway during the year at ALC. A new strategy was developed for the distribution of the lottery ticket terminals that are used by retailers to generate lottery tickets. New state-of-the-art terminals, to be introduced this summer, will enable retailers to provide faster more efficient service to players. Previously, retailers qualified for the terminals through a process based mainly on sales. The new evaluation criteria being introduced will take into account sales performance, location and customer service. These changes will help to ensure the new terminals are placed in the best locations and that the right product is being sold in the right market.

Ticket Lottery Annual Results

($ millions)



**A revised profit sharing formula has resulted in an equitable distribution of ALC expenses as well as a reallocation of overhead.*



A sampling of the wide variety of Scratch n' Win tickets offered by the Gaming Corporation's operator, the Atlantic Lottery Corporation.

VIDEO LOTTERY

The Gaming Corporation operates approximately 3,200 video lottery terminals (VLTs) in licensed establishments across Nova Scotia through its agent the Atlantic Lottery Corporation (ALC). 1999-2000 was a notable year for the video lottery program. With a focus on promoting responsible play, a new responsible gaming program was instituted and the effective management of VLT inventory resulted in increased revenues. VLT revenues were up $8.1 million, or 6.2% over last year.

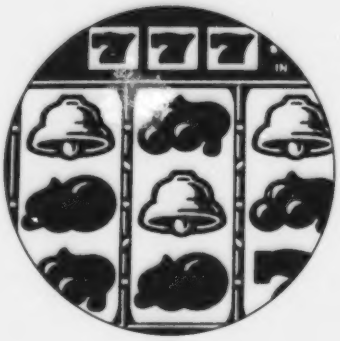
Among the most significant accomplishments this year was the launch of the VLT Retailer Responsible Gaming Program in October. The program was developed through a cooperative approach with the Tourism Industry Association of Nova Scotia (TIANS), the Department of Health, VLT retailers and problem gambling experts.

The program provides VLT retailers and their staff with information and resources about problem gambling so they can enhance their business practices and direct problem players to help. By the end of the year, over 200 establishments and 500 owners, managers and staff members had participated in the program. The program has received international recognition from the gaming industry at conferences and in trade publications for being innovative, unparalleled and very advanced in the realm of responsible gaming.

Another element of the responsible gaming program, a Request for Proposals (RFP) on the modernization of VLTs, remained on the table during the year. The RFP closed on March 9, 1999, and three companies responded. However, the planned withdrawal from ALC put this initiative on hold. Since the decision has been made to remain part of ALC and because so much time has lapsed on this initiative, it has been decided to withdraw the RFP.

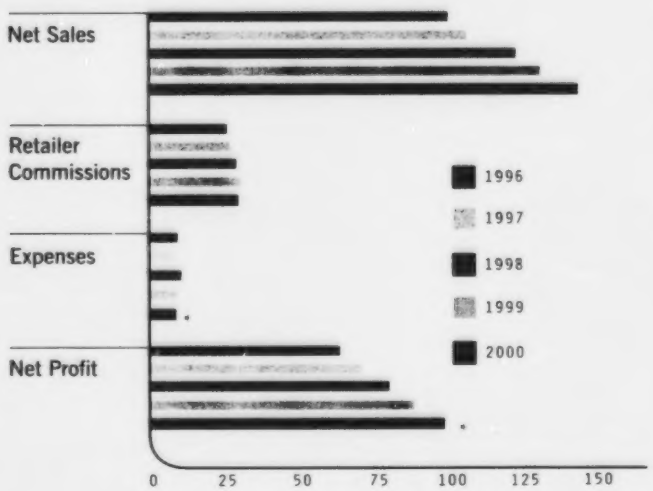
By working closely with ALC during the year an efficient inventory management process for VLTs continued to evolve. The strategy initiated in late 1998-1999 provides an effective and timely way to redeploy terminals. These good business strategies enabled ALC to quickly redeploy over 175 terminals so revenue streams were enhanced.

A session of the internationally-recognized VLT Retailer Responsible Gaming Program is being delivered by a facilitator at the TIANS office in Halifax.



Video Lottery Annual Results

($ millions)



**A revised profit sharing formula has resulted in an equitable distribution of ALC expenses as well as a reallocation of overhead.*

In October, ALC purchased 50 new upgraded terminals for Nova Scotia to offer enhanced games and features available to players. Feedback from retailers has been positive and among players the new terminals are very popular.

In keeping with its effort to maximize revenues and meet the demand for VLTs, the Gaming Corporation developed a redeployment policy in January 1999 to redistribute terminals from low revenue locations to those with higher demand. However, in December the government requested the Corporation defer the plan until the broader impacts could be assessed.

Progress Report

CORPORATE GOALS

1. To achieve a total net income of $147.2 million (excluding win tax of $15.5 million paid directly to the Province of Nova Scotia).

Total net income was $148.6 million, exceeding budget by $1.4 million. Win tax of $16.3 million was paid directly to the province.

2. To complete a five-year Corporate Strategic Plan.

This goal was deferred until new agreements with the Atlantic Lottery Corporation (ALC) are in place. It is important that the new relationship between the Gaming Corporation and ALC be fully defined before proceeding with developing a five-year plan.

3. To have a new CEO in place.

A new President and CEO was appointed on February 8th.

4. NSGC's financial contribution to harness racing not to exceed $1.8 million for this year.

The contribution to harness racing was $1.8 million.

CASINO GAMING GOALS

5. To achieve an average net win of $924 per table per day for Halifax and $357 for Sydney.

In Halifax, the average net win per table was $915, $9 less than the budgeted amount. This was due to the fact that higher budgeted revenues, expected from the new permanent casino, were not realized since the facility opened more than three months beyond the date for which the increased net win per table was budgeted.

In Sydney, the average net win per table was $275, significantly lower than budget, due to the limited demand for table games in Sydney. During the year, the popularity of roulette fell sharply and the volume of play and wager retained decreased as compared to budget.

6. To achieve an average net win of $212 per slot machine per day for Halifax and $191 for Sydney.

In Halifax, the average net win per slot was $212.

In Sydney, the average net win per slot was $199, exceeding the budgeted net win per slot by $8. For both casinos, strong slot volumes were achieved during the year.

7. To complete the construction of the permanent casino in Halifax not later than January 2000.

The Gaming Corporation engaged construction consultants to monitor the progress of the Halifax permanent casino to ensure it was completed on budget, on schedule and in accordance with the design approved by the Gaming Corporation.

Despite the Gaming Corporation's efforts, construction could not be completed in January 2000. The permanent casino was completed and opened on April 24, 2000.

TICKET LOTTERY GOALS

8. To achieve revenues of $196.6 million.

Revenue was $194.6 million, $2 million under budget. Breakopen and special occasion games were below budget by $1.9 million and $2.3 million respectively. On-line and Scratch n' Win games exceeded budget by $2.2 million.

9. To achieve a net profit of $43.1 million.

Net profit was $40.4 million, $2.7 million below budget, as calculated under the former profit distribution formula. This was primarily due to poor performance of a special occasion game, Mega Millions, which caused the prize expense of this game to exceed its ticket sales.

Under the revised profit sharing formula the net profit is reported as $53.0 million. Refer to Table 1.

Table 1 *($ millions)*

1999-2000 Profit	Ticket Lottery	Video Lottery	Overhead	Total
Actual (former)	40.4	100.4		140.8
Actual (revised)	53.0	98.2	(6.2)	145.0
Difference	12.6	(2.2)	(6.2)	4.2

Under the former profit allocation formula, the Gaming Corporation was not equitably allocated ALC's expenses which, by applying the revised formula, has resulted in an increase in net profit of $4.2 million for 1999-2000. Under the revised profit allocation formula, expenses that are directly incurred in the operation of lotteries in Nova Scotia are charged directly to the Gaming Corporation. If the expense is not direct to the Gaming Corporation, but is attributable to a line of business, it is allocated based on gross profit if ticket lotteries and based on net sales if it is video lotteries. All remaining costs are deemed overhead and the Gaming Corporation is allocated 30% of these costs.

VIDEO LOTTERY GOALS

10. To achieve net revenues of $138.8 million.

Net revenues were $138.2 million. In September budgeted net revenues were increased by $6.7 million as performance to date had indicated revenues were exceeding budget. This was primarily due to the timely and effective management of VLT inventory combined with software upgrades and increased player demand. However, the planned redeployment initiative, representing an additional $1 million in budgeted net revenues, was suspended in December which gave rise to the $0.6 million shortfall.

11. To achieve a net profit of $97.6 million.

Net profit was $100.4 million as calculated under the former profit distribution formula. The increase of $2.8 million was due to the reduction in expenses compared to budget primarily as a result of the deferral of the VLT Request for Proposal.

Under the revised profit sharing formula the net profit is reported as $98.2 million. Refer to Table 1.

12. To achieve a net revenue of $803 per VLT per week.

Net revenue per VLT per week was $820. As with VLT net revenues for the year, this achievement was due to the timely and effective management of the VLT inventory, combined with software upgrades and the general increase in player demand.

Management Responsibilities for Financial Reporting

These financial statements are the responsibility of the management of the Nova Scotia Gaming Corporation. They have been approved by its Board of Directors.

Management has prepared the financial statements in accordance with generally accepted accounting principles in Canada. The financial information contained in the Annual Report is consistent with the data presented in the financial statements.

The gaming activities of the Nova Scotia Gaming Corporation are undertaken by operators acting on its behalf. These gaming activities are audited by independent auditors. The Corporation relies on the audit opinions of these independent auditors The responsibility of the Auditor General of Nova Scotia is to express an independent opinion on whether the financial statements of the Nova Scotia Gaming Corporation are fairly stated in accordance with generally accepted accounting principles. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

The Nova Scotia Gaming Corporation maintains books of accounts and systems of financial and management control, which provide reasonable assurance that accurate financial information is available, that assets are protected, and that resources are managed efficiently.

The Board of Directors oversees audit activities through its audit committee. The committee reviews matters related to accounting, auditing and internal control systems, and the financial statements and audit reports of the auditors of the Corporation and its operators.

Marie T. Mullally, *CA*
President & CEO

Sheila F. Butler, *CA*
Vice President of Finance & Administration

Auditor's Report

NOVA SCOTIA

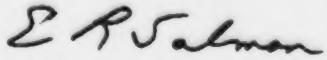
Office of the Auditor General

To the Members of the Legislative Assembly
of Nova Scotia; and
To the Minister of Finance

I have audited the balance sheet of the Nova Scotia Gaming Corporation as at March 31, 2000 and the statements of income and retained earnings for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.



E.R. Salmon, *FCA*
Auditor General
Halifax, Nova Scotia
June 9, 2000

Balance Sheet

as at March 31, 2000 (in thousands)

ASSETS

	2000	1999
		(Note 14)
Current		
Cash & short term investments *(Note 3)*	$ 12,140	$ 16,957
Due from Atlantic Lottery Corporation Inc.	4,329	12,512
Due from Metropolitan Entertainment Group *(Note 3)*	–	4,053
Accounts Receivable	10	–
Prepaids	1	1
	16,480	33,523
Long-term		
Investment in Atlantic Lottery Corporation Inc.	1	1
Investment in Interprovincial Lottery Corporation *(Note 7)*	1	1
Fixed Assets *(Note 8)*	134	79
	136	81
	$ 16,616	$ 33,604

LIABILITIES

Current		
Accounts Payable	$ 1,302	$ 931
Due to Nova Scotia Harness Racing Incorporated *(Note 10)*	91	1,986
Due to Nova Scotia Gaming Foundation	56	45
Due to Metropolitan Entertainment Group *(Note 3)*	3,798	–
Due to Province of Nova Scotia	5,411	26,925
Due to Casino Operations	5,958	3,717
	$ 16,616	$ 33,604

Contingencies and Commitments *(Notes 3, 12 and 13)*

Statement of Income and Retained Earnings

for the year ended March 31, 2000 (in thousands)

	Lotteries (Schedule I)		
	Ticket Lottery	**Video Lottery**	**Overhead**
Revenues	$ 194,620	$ 138,242	$ -
Expenses	141,598	40,086	6,187
Profit Distribution	$ 53,022	$ 98,156	($ 6,187)
Other Income			
Interest on GST/HST award *(Note 3)*			
Interest income			
Other Expenses			
Special Payments and Bonus Commissions *(Note 5)*			
Responsible Gaming Program *(Note 6)*			
Nova Scotia Gaming Foundation Contribution *(Note 2)*			
Nova Scotia Harness Racing Fund Contribution *(Note 10)*			
Management Expenses *(Schedule IV)*			
Ticket and Video Lotteries Repatriation Costs *(Note 4 and Schedule V)*			
Net Operating Income			
Income Guarantee Repayment *(Notes 2 and 3)*			
Net Income			
Retained earnings, beginning of year			
Payments to Province			
Retained earnings, end of year			

Casinos *Schedules II-III*		Lotteries *Schedule I*		Casinos *Schedules II-III*	
Halifax & Sydney	2000 Total	Ticket Lottery	Video Lottery	Halifax & Sydney	1999 Total
					(Note 14)
$ 84,151	$ 417,013	$ 186,955	$ 130,181	$ 78,945	$ 396,081
69,723	257,594	148,264	41,811	67,559	257,634
$ 14,428	159,419	$ 38,691	$ 88,370	$ 11,386	138,447
	1,193				–
	209				–
	1,402				–
	216				221
	394				–
	346				380
	1,752				1,986
	2,351				1,630
	1,394				–
	6,453				4,217
	154,368				134,230
	(5,784)				(1,663)
	148,584				132,567
	–				–
	(148,584)				(132,567)
	$ –				$ –

Notes to the Financial Statements

for the year ended March 31, 2000

1 Description of Business

The Corporation was incorporated on February 15, 1995, by Chapter 4 of the Acts of 1994-95, the *Gaming Control Act*. The purpose of the Corporation is to develop, undertake, organize, conduct and manage casinos and other lottery schemes on behalf of the Province.

2 Accounting Policies

a) Basis of Presentation
The financial statements have been prepared in accordance with generally accepted accounting principles. A statement of cash flows is not provided as disclosure in the balance sheet and the income statement is considered adequate.

b) Casino Revenue
In accordance with industry practice, casino revenues are reported as the net win from gaming activities, which is the difference between amounts wagered and amounts paid as winnings. Casino revenues are reported net of accruals for anticipated amounts to be paid as winnings for progressive slot machine jackpots.

c) Ticket Lottery Revenues
In accordance with industry practice, gross ticket lottery sales are recorded before deducting sales discounts and prize expense.

d) Video Lottery Revenue
In accordance with industry practice, video lottery revenues are reported as the net revenues from video lottery activities, which is the difference between amounts wagered and amounts paid as winnings *(Note 4)*.

e) Income Guarantee
In accordance with the Operating Contract between Metropolitan Entertainment Group (Operator), the Corporation and Sheraton International Inc. (Guarantor), an income guarantee was provided to the Corporation, which provided that if Total Provincial Revenue was less than $25 million in each of the four years ended July 31, 1999, then the Operator would pay to the Corporation an amount equal to the difference between Total Provincial Revenue and $25 million. Total Provincial Revenue was defined to include the aggregate of casino win tax (20%) paid to the Province of Nova Scotia, annual registration fees of $100,000 paid to the Nova Scotia Alcohol and Gaming Authority (formerly Nova Scotia Gaming Control Commission) and the annual net operating income of the Corporation from the casino complexes.

If Total Provincial Revenue exceeded $25 million in any year through to July 31, 2000, any previous guarantee payments paid by the Operator to the Corporation would be recovered to the extent Total Provincial Revenue is in excess of $25 million in such year. On a cumulative monthly basis the amount of the income guarantee repayment is accrued if defined Total Provincial Revenue is greater than $2,083,000 which equals the pro rata monthly portion of the $25 million. The Corporation records any repayments to the Operator as a reduction of net income of the Corporation *(Note 3)*.

f) Fixed Assets
Fixed Assets are stated at cost less accumulated depreciation. Depreciation is provided on the declining balance basis at the following annual rates:

Computer equipment - 30%
Office furniture and equipment - 20%

g) Nova Scotia Gaming Foundation Contribution
VLT retailers in Nova Scotia have agreed, under the terms of their retailer agreements with Atlantic Lottery Corporation Inc., to contribute 1% of their VLT commission to the Nova Scotia Gaming Foundation. The Corporation has also agreed to contribute an amount equal to all contributions

made by the VLT retailers. The administration of the Foundation was transferred from the Corporation to the Minister of Health effective December 8, 1999.

h) Long-term Investments

Investments in the Atlantic Lottery Corporation Inc. and the Interprovincial Lottery Corporation are recorded using the cost method of accounting for investments.

3 Casino Nova Scotia

a) Operating Contract

i) Term and Structure

On May 31, 1995, the Corporation entered into an Operating Contract with Metropolitan Entertainment Group (Operator), then a partnership between ITT Sheraton Canada Ltd. and Purdy's Wharf Development Limited, to operate casinos in Halifax and Sydney for a period expiring on December 31, 2015.

Effective December 29, 1999, Metropolitan Entertainment Group is a partnership between Park Place Entertainment Scotia Limited and East Port Properties Ltd.

ii) Payments to Operator

The Operator is entitled to certain payments from each casino calculated with reference to the following items, which are listed in Section 4.7 of the Operating Contract:

- ♣ an amount based upon the Operator's Capital Investment in Halifax and Sydney with respect to each casino complex, which has been amortized straight-line over a three-year term in Halifax, a ten-year term in Sydney and will be amortized over a seven-year term in relation to the Halifax permanent casino with interest calculated monthly at 12% per annum on the total outstanding capital investment. The Operator's Capital Investment in the Halifax Interim Casino of $24.1 million was fully repaid in May 1998; and its Capital Investment in Sydney totaled $23.2 million, of which $12.4 million remained outstanding at March 31, 2000;

- ♦ an amount equal to 1.5% of casino revenue before casino win taxes (20%) to fund a capital replacement reserve. Disbursements from this reserve are required to be approved in advance by the Corporation through the annual capital budget approval process;

- ♥ an amount equal to 3% of casino revenue before casino win taxes (20%) in Sydney as a Base Fee and 10% of casino revenue less casino win taxes, the Base Fee and Operating Expenses as an Incentive Fee;

- ♠ an amount equal to the Operator's shortfall in any one year that income is insufficient to make payments, as described above. The Operator will track the amount of the shortfall and will be entitled to increased payments by an amount equal to the accumulated shortfall plus interest at prime plus 1% during the period in which the shortfall is outstanding; and

- ♣ an amount equal to 35% of cash available for distribution, as defined in the Operating Contract in Halifax.

iii) Net Operating Income

The Corporation's net operating income consists of 100% of the cash available for distribution from the Sydney Casino and the remaining cash available for distribution from the Halifax Interim Casino after payment of 35% to Operator.

Notes to the Financial Statements
(continued)

iv) Operating Period
Net operating income earned by the Corporation is calculated based upon the operating period, which is defined in the Operating Contract as January 1 – December 31. The Corporation's annual financial statements are prepared based upon an April 1 – March 31 fiscal year. Any net operating income earned by the Corporation during the period January 1 – March 31 is subject to adjustment for the results of operations in the period April 1 – December 31.

v) Approvals
Under the Operating Contract, the Corporation is required to approve certain items including the Operator's Operating and Capital budgets. The Corporation did not agree with certain aspects of the Operator's 2000 Operating Budget and are currently addressing a number of these provisions.

vi) Public Education and Problem Gambling Contribution
Metropolitan Entertainment Group and the Corporation have agreed to an annual contribution of $1 million to be paid from casino revenues to the Department of Health to provide funds for problem gaming programs and related public education.

b) Cash in Casino Accounts
Under the Operating Contract the cash is managed by the Operator on behalf of the Corporation. The Corporation has included $6,756,000 (1999 - $16,957,000) in cash from the Casino Accounts on the Balance Sheet. Cash in Casino Accounts excludes the Capital Replacement Reserve Balance of $3,696,000 (1999 - $3,430,000).

c) Income Guarantee
The income guarantee payments for the guarantee periods and the income guarantee repayment accrual at March 31, 2000, are as follows :

($ thousands)	
July 31, 1996	$ 9,621
July 31, 1997	5,813
July 31, 1998	5,564
July 31, 1999	(4,379)
Balance at July 31, 1999	16,619
Income guarantee repayment accrual – August 1, 1999 to March 31, 2000	(3,798)
Balance at March 31, 2000	$12,821

Between August 1, 1999, and March 31, 2000, Total Provincial Revenue exceeded the income guarantee pro-rata allocation by $3,798,000 (1999 - $2,402,000). The maximum potential recovery by Metropolitan Entertainment Group for the period April 1, 2000, to July 31, 2000, is $12,821,000.

Between April 1, 1999, and March 31, 2000, Total Provincial Revenue exceeded the income guarantee pro-rata allocation by $5,784,000 (1999 - $1,663,000) and therefore this estimate reduced the Corporation's net operating income to record the amount to be repaid to the Operator. *(Note 2)*. The actual amount of the income guarantee repayment will be known at July 31, 2000.

d) Due (to) from Metropolitan Entertainment Group

($ thousands)	2000	1999
Income guarantee receivable *(August 1, 1996 - July 31, 1997)*	$ –	$ 891
Income guarantee receivable *(August 1, 1997 - July 31, 1998)*	–	5,564
Income guarantee payable *(August 1, 1998 – March 31, 1999)*	–	(2,402)
Income guarantee payable accrual *(August 1, 1999 – March 31, 2000)* *(Note 3)*	(3,798)	–
Total	($3,798)	$4,053

e) Interest on GST/HST Award

On January 28, 2000, the Corporation received payment of $21.6 million from Metropolitan Entertainment Group in satisfaction of an award made in favour of the Corporation following arbitration over the interpretation of GST/HST in the Operating Contract. The arbitrator's award included interest of $1.2 million to the Corporation.

f) Halifax Permanent Casino

Construction of the Halifax permanent casino commenced on February 1, 1998, and the casino opened on April 24, 2000. The total costs expended by the Operator at March 31, 2000, to construct the Halifax permanent casino were approximately $98 million.

Within 180 days following the opening of the Halifax permanent casino, the Operator is required to submit to the Corporation for approval a detailed summary of the total amount expended for completion of the casino.

Within 30 days of the submission of the detailed summary, the Corporation is required to approve or give notice to the Operator of its non-approval of these amounts. Upon approval by the Corporation, such costs shall be deemed to be Approved Development Costs of the casino.

g) Casino Option Contract

Upon expiration of the Operating Contract in 2015, the Corporation has the option to purchase each of the Halifax and the Sydney casino complexes, including capital assets and working capital totalling $2.6 million for the price of $1.00. The Corporation also has an option to purchase each of the two casino complexes in year 10 or year 15 of the Contract.

4 Atlantic Lottery Corporation Inc.

a) Profit Distribution

In 1976, the Atlantic Lottery Corporation was set up by the four Atlantic Provinces to operate lottery and gaming activities in the region.

The Atlantic Lottery Corporation Inc. is the Corporation's exclusive agent to operate ticket lotteries and video lotteries in Nova Scotia. Each of the Corporation, Province of Newfoundland, Lotteries Commission of New Brunswick and Prince Edward Island Lotteries Commission own 25 per cent of the Atlantic Lottery Corporation Inc.

In March 1999, the Corporation served notice to Atlantic Lottery Corporation Inc. of its intention to withdraw its ticket and video lottery businesses from the Atlantic Lottery Corporation Inc. A project transition team was established on April 1, 1999, and costs associated with the withdrawal were capitalized during the year. On August 5, 1999, the Government announced that it would conduct a review of the Corporation's decision to withdraw its lottery operations from Atlantic Lottery Corporation Inc. On September 3, 1999, the Minister of Finance formally requested the Corporation suspend the transition initiatives pending the review and until otherwise advised.

Notes to the Financial Statements
(continued)

On January 21, 2000, an agreement in principle was reached among the shareholder provinces that would permit the Corporation to continue with the Atlantic Lottery Corporation Inc. The agreement consisted of three main elements:

- ♦ amended Unanimous Shareholders Agreement for common functions of the Atlantic Lottery Corporation Inc., including an amended profit allocation formula (revenue and cost allocation methodologies);
- ♣ agency Agreement to appoint the Atlantic Lottery Corporation Inc. as the Corporation's operator for ticket lottery and video lottery schemes in Nova Scotia; and
- ♥ independent review of effectiveness of the Atlantic Lottery Corporation Inc. in maximizing return to the Corporation and other shareholders.

The current year lottery figures included in the financial statements, including Schedule I, are prepared based on the revised profit distribution formula in accordance with the draft amended and restated Unanimous Shareholders Agreement, which has not yet been finalized. As at the reporting date, it is expected that the Agency Agreement and Unanimous Shareholders Agreement will be executed shortly. Based upon the previous profit sharing formula included in the Unanimous Shareholders Agreement amended in 1991, Nova Scotia's share of lottery profits would be $140.8 million, or $4.2 million lower than the $145.0 million included in *Schedule I*.

Ticket and video lottery operating results for the year ended March 31, 1999, are not directly comparable as they are based on the previous profit distribution formula which was approved by the shareholders in 1976 and amended in 1991.

As a result of the agreement in principle, all ticket and video lottery repatriation costs that had previously been capitalized during the year have been expensed *(Schedule V)*.

b) Net Video Lottery Revenue

Based on information provided by Atlantic Lottery Corporation Inc., net video lottery revenue in Nova Scotia for the year is calculated as follows:

	2000		1999	
($ millions)				
Amounts Deposited	$ 450		$ 420	
Amounts Wagered		$2,628		$2,468
Amounts Paid as Winnings		2,490		2,339
Amounts Cashed Out	312		291	
Net Video Lottery Revenue	$ 138	$ 138	$ 129	$ 129
Prize Payout Percentage		95%		95%

c) Federal Contribution

By an agreement dated August 23, 1979, between the Government of Canada and the governments of the ten provinces, the Government of Canada agreed to withdraw from the sale of lottery tickets. In consideration for this withdrawal, the Provinces agreed to pay $24 million annually to the Government of Canada, in 1979 dollars adjusted by the Consumer Price Index each year. The Atlantic Lottery Corporation Inc., as the Corporation's agent, remits Nova Scotia's share of the above payments to the Interprovincial Lottery Corporation for remission to the Government of Canada. For the year ended March 31, 2000, Nova Scotia's share was $1,453,000 (1999 - $1,402,000).

5 Special Payments and Bonus Commissions

The Corporation is obligated to make direct payments annually to three provincial government bodies as follows:

($ thousands)	2000	1999
The Department of Education and Culture *(in support of the Cultural Federation of Nova Scotia)*	$ 50	$ 50
The Department of Agriculture and Marketing *(in support of the Exhibition Association of Nova Scotia)*	50	50
The Sport and Recreation Commission *(in support of Sport Nova Scotia)*	100	100
	$200	$200

These payments are special funds under the *Provincial Finance Act* established by the Minister of Finance under Section 14(1) of the *Atlantic Lottery Regulations* as made under the *Gaming Control Act.*

Bonus commissions of $16,000 (1999 - $21,000) were paid during the year to 10 non-profit organizations.

6 Responsible Gaming Program

The Corporation worked collaboratively with the Tourism Industry Association of Nova Scotia and the Department of Health Addiction Services to develop a Responsible Gaming Program for all VLT retailers and their employees. The program delivery commenced in October 1999. The Corporation's share of the costs of the Responsible Gaming Program, including development and delivery to March 31, 2000, was $394,000. Effective April 1, 2000, Atlantic Lottery Corporation Inc. will be responsible for the monitoring of the implementation of the Responsible Gaming Program as agent of the Corporation.

7 Interprovincial Lottery Corporation

The Interprovincial Lottery Corporation was incorporated on August 16, 1976, under the *Canada Business Corporations Act.* Interprovincial Lottery Corporation owns and operates nation-wide lottery games (Lotto 6/49, Super 7, Special Event – Celebration). Nova Scotia holds one of 10 shares of this Corporation, and appoints one of 21 directors to the Board of Directors of the Interprovincial Lottery Corporation.

Five regional marketing organizations are responsible for the Interprovincial Lottery Corporation's game ticket distribution and sales, new game designs/changes, marketing and promotions and payment of prizes. The Atlantic Lottery Corporation Inc. is appointed a regional marketing organization.

8 Fixed Assets

($ thousands)	Cost	Accumulated Depreciation	2000 Net Book Value	1999 Net Book Value
Computers	$147	$ 50	$ 97	$ 48
Office Furniture /Equipment	61	24	37	31
	$208	$ 74	$134	$ 79

9 Related Party Transactions

The Province of Nova Scotia, Nova Scotia Harness Racing Incorporated, Atlantic Gaming Equipment Limited, Atlantic Lottery Corporation Inc. and the ALC Harness Racing Corporation are related parties of the Corporation. Details of any transactions between these related parties are separately disclosed in the financial statements.

Notes to the Financial Statements
(continued)

10 Harness Racing

As requested by Government, Nova Scotia became involved in supporting the harness racing industry in June 1998 through the ALC Harness Racing Corporation. Nova Scotia Harness Racing Incorporated was established March 1, 1999, and designated as a crown corporation April 7, 1999, to manage and administer the Nova Scotia Harness Racing Fund. The Corporation annually contributes to the Fund amounts approved by the Minister of Finance.

For the year, ALC Harness Racing Corporation incurred a loss of $1,750,000 (1999 - $1,986,000) in Nova Scotia. The Corporation contributed $1,752,000 to the Nova Scotia Harness Racing Fund this year to permit Nova Scotia Harness Racing Incorporated to fund ALC Harness Racing Corporation's loss of $1,750,000 in Nova Scotia and to cover other expenses. The amount owing to Nova Scotia Harness Racing Incorporated at March 31, 2000, is $91,000.

In March 2000, the Government decided to provide up to $1 million in 2000-01 to support the harness racing industry in Nova Scotia. This contribution will be provided by the Corporation to the Nova Scotia Harness Racing Fund and paid by Nova Scotia Harness Racing Incorporated to the Department of Agriculture and Marketing. The Department of Agriculture and Marketing will manage the monies received from the Fund and determine how they will be distributed to the industry.

11 GST/HST

Since April 1, 1997, the Corporation has incurred and paid Harmonized Sales Tax (HST) on all expenditures that attract HST as would a normal registrant. Prior to April 1, 1997, the Corporation was exempt from the Goods and Services Tax (GST).

On September 16, 1998, the draft *Games of Chance (GST) Regulations* were promulgated and took effect because of a "coming into force" provision retroactive to February 15, 1995. As a prescribed registrant, the Corporation was therefore subject to GST prior to April 1, 1997, and HST thereafter. The Corporation must also identify all GST/HST paid and allocate these costs between gaming and non-gaming activities. The GST/HST on gaming activities is required to be "doubled up" and further remitted to Revenue Canada, while the GST/HST on non-gaming activities may be used by the Corporation as an input tax credit. As a result of these changes, the Corporation expensed $362,000 during the year.

12 Commitments

The Corporation is required to make lease payments over the next five years as follows:

March 31, 2001	$ 62,000
March 31, 2002	$ 70,000
March 31, 2003	$ 62,000
March 31, 2004	$ 62,000
March 31, 2005	$ 41,000

13 Contingency

A former Director of the Corporation has commenced legal action against the Corporation alleging constructive dismissal and claiming damages for that dismissal. The eventual outcome of this action is not determinable at this time.

14 Comparative Figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in this fiscal year.

Ticket Lottery and Video Lottery Operating Results

for the year ended March 31, 2000 (in thousands)

SCHEDULE I

	Ticket Lottery	Video Lottery	Overhead	Total 2000 (Note 4)	Total 1999 (Notes 4 and 14)
Ticket Lottery Sales	$194,620	$ –	$ –	$194,620	$186,955
Ticket Lottery Sales Discounts	65	–	–	65	74
Prize Expense	103,666	–	–	103,666	100,558
Net Ticket Lottery Sales	90,889	–	–	90,889	86,323
Net Video Lottery Sales	–	138,242	–	138,242	130,181
Total Net Sales	90,889	138,242	–	229,131	216,504
Retailer Commissions	12,434	30,084	–	42,518	46,549
Ticket Costs	4,355	146	–	4,501	4,889
	16,789	30,230	–	47,019	51,438
Gross Profit	74,100	108,012	–	182,112	165,066
Operating Expenses					
Salaries & Benefits	4,261	2,405	1,446	8,112	8,075
Travel & Vehicle Expenses	831	490	193	1,514	1,543
General & Professional Services	569	48	598	1,215	807
Occupancy Cost	576	323	320	1,219	1,337
Office & Miscellaneous	392	237	346	975	1,385
Equipment & Maintenance	900	836	444	2,180	2,049
Telecommunication	1,331	60	408	1,799	2,363
Advertising	3,633	1	258	3,892	3,702
Depreciation & Amortization	388	1,329	240	1,957	1,946
Total Operating Expenses	12,881	5,729	4,253	22,863	23,207
Operating Profit	61,219	102,283	(4,253)	159,249	141,859
Other income *(expenses)*	436	968	(13)	1,391	964
Profit Before Other Distributions	61,655	103,251	(4,266)	160,640	142,823
HST Expense	3,975	5,095	468	9,538	9,955
Federal Contribution	–	–	1,453	1,453	1,402
Charity Non-Profit	28	–	–	28	–
Retailer Bonus	4,630	–	–	4,630	4,406
Net Profit	$ 53,022	$ 98,156	($ 6,187)	$144,991	$127,060

Halifax Casino Nova Scotia Operating Results

for the year ended March 31, 2000 (in thousands)

SCHEDULE II

	2000	1999
Casino Revenue	$ 54,379	$ 50,192
Win Tax	(10,876)	(10,038)
Casino Revenue After Win Tax	43,503	40,154
Beverage, Food and Other Revenue	1,256	1,316
Total Net Revenues	44,759	41,470
Operating Expenses		
Salaries and Benefits	13,636	12,847
Other Expenses Including Cost of Beverage and Food	1,432	1,247
Public Education and Problem Gaming Contribution	670	656
General Administration and Marketing	5,298	4,971
Premise Expense	1,792	1,907
Harmonized Sales Tax	3,784	3,713
	26,612	25,341
Income Before Payments to Operator	18,147	16,129
Payments to Operator *(Note 3)*		
Amortization of Capital Investment and Interest	–	1,352
Capital Replacement Reserve	835	772
Operator Fee	6,059	4,902
	6,894	7,026
Net Operating Income	$ 11,253	$ 9,103

Sydney Casino Nova Scotia Operating Results

for the year ended March 31, 2000 (in thousands)

SCHEDULE III

	2000	1999
Casino Revenue	$ 26,901	$ 25,686
Win Tax	(5,380)	(5,137)
Casino Revenue After Win Tax	21,521	20,549
Beverage, Food and Other Revenue	1,615	1,751
Total Net Revenues	23,136	22,300
Operating Expenses		
Salaries and Benefits	6,078	6,431
Other Expenses Including Cost of Beverage and Food	1,329	1,374
Public Education and Problem Gaming Contribution	330	345
General Administration and Marketing	2,758	2,270
Premise Expense	760	753
Harmonized Sales Tax	2,542	2,385
	13,797	13,558
Income Before Payments to Operator	9,339	8,742
Payments to Operator *(Note 3)*		
Amortization of Capital Investment and Interest	3,957	4,340
Capital Replacement Reserve	428	412
Base Fee	855	823
Incentive Fee	924	884
	6,164	6,459
Net Operating Income	$ 3,175	$ 2,283

Management Expenses

for the year ended March 31, 2000 (in thousands)

SCHEDULE IV

	2000	1999
Advertising	$ 10	$ 5
Depreciation	25	17
Directors fees	112	112
Harmonized Sales Tax *(Note 11)*	656	188
Membership Dues	7	4
Occupancy Taxes	2	1
Office and Miscellaneous	41	19
Office Equipment	14	8
Periodicals	12	12
Postage and Freight	10	6
Printing and Stationery	27	33
Professional and Other Fees	478	630
Rent	45	36
Salaries and Benefits	832	487
Telecommunications	30	19
Training	15	2
Travel	35	51
	$ 2,351	$ 1,630

Ticket and Video Lotteries Repatriation Costs

for the year ended March 31, 2000 (in thousands)

SCHEDULE V

	2000
Depreciation	2
Harmonized Sales Tax *(Note 11)*	177
Premise Rental	19
Office and Miscellaneous	19
Professional and Other Fees	890
Salaries and Benefits	231
Telecommunications	14
Travel	42
	$1,394